

Atlantic Power Agrees to Acquire 72% Interest in Path 15 Transmission Line in California

BOSTON, MASSACHUSETTS--(CCNMatthews - June 29, 2006) - Atlantic Power Corporation (TSX:ATP.UN) ("Atlantic Power" or the "Company") announced today that Atlantic Power Holdings, LLC ("Holdings") has agreed to indirectly acquire 100% of Trans-Elect NTD Path 15, LLC, which owns approximately 72% of the transmission system rights in the Path 15 transmission project (the "Project" or "Path 15") located in California.

HIGHLIGHTS:

- Critical transmission asset with strong federal and state support
- Highly stable 30-year cash flows
- Federally regulated revenue stream that is independent of power prices or line utilization
- Low operating risk with proven technology, solid operating history
- Minimal ongoing capital expenditure requirements
- Accretive to cash flow
- Enhances diversity of Atlantic Power's portfolio

The Project is an 84-mile, 500-kilovolt transmission line built along an existing transmission corridor in California to help alleviate what had been a chronic transmission congestion point. The Project went into service in December 2004 and increased transmission capacity from Southern to Northern California by approximately 1,500 MW to 5,400 MW, and southward transmission capacity by approximately 1,100 MW. This transmission line facilitates the movement of power from the Pacific Northwest to Southern California in the summer and from generators in Southern California to Northern California in the winter.

The equity purchase price for the Project will be approximately \$85.5 million and will be financed with an acquisition credit facility provided by BMO Capital Markets. Existing debt at the Project's operating and holding companies will be assumed in the transaction but will be non-recourse to Atlantic Power and Holdings.

The sellers include affiliates of Trans-Elect, Inc which is a GFI Energy Ventures, LLC portfolio company, United States Power Fund, LP managed by Energy Investors Funds Group, ArcLight Energy Partners Fund I, L.P. which is an affiliate of Atlantic Power's sponsor, and other private investors. The sellers were advised by Morgan Stanley as exclusive financial advisor and Dickstein Shapiro Morin & Oshinsky LLP as legal counsel. Atlantic was represented by Leonard, Street and Deinard Professional Association as legal counsel.

The Project's revenue stream is regulated by the Federal Energy Regulatory Commission (the "FERC") on a cost-of-service ratebase methodology, which insulates cash flows from any impacts of actual line usage. All prudently incurred operating, maintenance and capex costs are reflected in rates charged. California's Independent System Operator, known as CAL-ISO, collects Transmission Access Charges being paid predominantly by the state's investor-owned utilities and passes them to transmission owners, such as Path 15.

"We are very pleased to be acquiring this important asset," commented Barry Welch, President and CEO. "The Project strengthens our ability to generate stable, sustainable and predictable cash flows over the long term, while also enhancing the diversity of our project portfolio."

The acquisition is subject to approval by the FERC. It is anticipated that an application for approval will be filed in the next two weeks, with a FERC ruling expected in the third quarter of 2006.

Atlantic Power Corporation owns interests in a diversified portfolio of fifteen power generation projects located primarily in major markets in the United States. The Company's objectives are to sustain and grow its cash distributions over the long term by enhancing the performance of its existing assets and by making accretive acquisitions.

When used in this news release, the words "anticipate", "expect", "project", "believe", "estimate", "forecast" and similar expressions are intended to identify forward-looking statements, which include statements relating to the acquisition of the Project and the anticipated financial and operational performance of the Project. Such statements are subject to certain risks, uncertainties and assumptions which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or

achievements expressed or implied by the forward-looking statements. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to the ability of the Company to obtain necessary financing to complete the acquisition of the Project, the ability of the Company to satisfy conditions under the purchase agreement and the anticipated financial and operating performance of the Project. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements contained in this news release represent our expectations as of June 29, 2006 and, accordingly, are subject to change after such date. Except as required by applicable law, we disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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